

§ 34.19

that an error existed but failed to take corrective action.

(ii) Factors to be considered when determining whether recovery of unpaid deduction resulting from under-withholding would be against equity and good conscience include, but are not limited to:

(A) Whether collection of the claim would cause serious financial hardship to the individual from whom collection is sought.

(B) The time elapsed between the failure to properly withhold and discovery of the failure and notification of the individual;

(C) Whether failure to make restitution would result in unfair gain to the individual;

(D) Whether recovery of the claim would be unconscionable under the circumstances.

(7) *Overpayments of Foreign Service annuities.* For waiver of debts arising from overpayments from the Foreign Service Retirement and Disability Fund under the Foreign Service Retirement and Disability System or the Foreign Service Pension System see 22 CFR part 17.

(8) As otherwise provided by law.

(c) Waiver of indebtedness is an equitable remedy and as such must be based on an assessment of the facts involved in the individual case under consideration.

(d) The burden is on the employee to demonstrate that the applicable waiver standard has been met.

(e) *Requests.* A debtor requesting a waiver shall do so in writing to the contact office by the payment due date stated within the initial notice sent under § 34.8(b) or other applicable provision. The debtor's written response shall state the basis for the dispute and include any relevant documentation in support.

(f) While a waiver request is pending, STATE may suspend collection, including the accrual of interest and penalties, on the debt if STATE determines that suspension is in the Department's best interest or would serve equity and good conscience.

§ 34.19 Compromise.

STATE may attempt to effect compromise in accordance with the stand-

22 CFR Ch. I (4–1–12 Edition)

ards set forth in the FCCS, 31 CFR part 902.

§ 34.20 Suspension.

The suspension of collection action shall be made in accordance with the standards set forth in the FCCS, 31 CFR 903.1–903.2

§ 34.21 Termination.

The termination of collection action shall be made in accordance with the standards set forth in the FCCS, 31 CFR 903.1 and 903.3–903.4.

§ 34.22 Discharge.

Once a debt has been closed out for accounting purposes and collection has been terminated, the debt is discharged. STATE must report discharged debt as income to the debtor to the Internal Revenue Service per 26 U.S.C. 6050P and 26 CFR 1.6050P–1.

§ 34.23 Bankruptcy.

A debtor should notify STATE at the contact office provided in the original notice of the debt, if the debtor has filed for bankruptcy. STATE will require documentation from the applicable court indicating the date of filing and type of bankruptcy. Pursuant to the laws of bankruptcy, STATE will suspend debt collection upon such filing unless the automatic stay is no longer in effect or has been lifted. In general, collection of a debt discharged in bankruptcy shall be terminated unless otherwise provided for by bankruptcy law.

§ 34.24 Refunds.

(a) STATE will refund promptly to the appropriate individual amounts offset under this regulation when:

(1) A debt is waived or otherwise found not owing the United States (unless expressly prohibited by statute or regulation); or

(2) STATE is directed by an administrative or judicial order to make a refund.

(b) Refunds do not bear interest unless required or permitted by law or contract.

PART 35—PROGRAM FRAUD CIVIL REMEDIES

Sec.

- 35.1 General.
- 35.2 Definitions.
- 35.3 Basis for civil penalties and assessments.
- 35.4 Investigation.
- 35.5 Review by the reviewing official.
- 35.6 Prerequisites for issuing a complaint.
- 35.7 Complaint.
- 35.8 Service of complaint.
- 35.9 Answer.
- 35.10 Default upon failure to file an answer.
- 35.11 Referral of complaint and answer to the ALJ.
- 35.12 Notice of hearing.
- 35.13 Parties to the hearing.
- 35.14 Separation of functions.
- 35.15 Ex parte contacts.
- 35.16 Disqualification of reviewing official or ALJ.
- 35.17 Rights of parties.
- 35.18 Authority of the ALJ.
- 35.19 Prehearing conferences.
- 35.20 Disclosure of documents.
- 35.21 Discovery.
- 35.22 Exchange of witness lists, statements and exhibits.
- 35.23 Subpoenas for attendance at hearing.
- 35.24 Protective order.
- 35.25 Fees.
- 35.26 Form, filing and service of papers.
- 35.27 Computation of time.
- 35.28 Motions.
- 35.29 Sanctions.
- 35.30 The hearing and burden of proof.
- 35.31 Determining the amount of penalties and assessments.
- 35.32 Location of hearing.
- 35.33 Witnesses.
- 35.34 Evidence.
- 35.35 The record.
- 35.36 Post-hearing briefs.
- 35.37 Initial decision.
- 35.38 Reconsideration of initial decision.
- 35.39 Appeal to authority head.
- 35.40 Stays ordered by the Department of Justice.
- 35.41 Stay pending appeal.
- 35.42 Judicial review.
- 35.43 Collection of civil penalties and assessments.
- 35.44 Right to administrative offset.
- 35.45 Deposit in Treasury of United States.
- 35.46 Compromise or settlement.
- 35.47 Limitations.

AUTHORITY: 31 U.S.C. 3801–3812.

SOURCE: 55 FR 23424, June 8, 1990, unless otherwise noted.

§ 35.1 General.

(a) *Basis.* This part implements the Program Fraud Civil Remedies Act of

1986, Public Law 99–509, sections. 6101–6104, 100 Stat. 1874 (October 21, 1986), codified at 31 U.S.C. 3801–3812. 31 U.S.C. 3809 of the statute requires each authority head to promulgate regulations necessary to implement the provisions of the statute.

(b) *Purpose.* This part establishes administrative procedures for imposing civil penalties and assessments against persons who make, submit, or present, or cause to be made, submitted, or presented, false fictitious, or fraudulent claims or written statements to authorities or to their agents; and specifies the hearing and appeal rights of persons subject to allegations of liability for such penalties and assessments.

(c) *Special considerations abroad.* Where a party, witness or material evidence in a proceeding under these regulations is located abroad, the investigating official, reviewing official or ALJ, as the case may be, may adjust the provisions below for service, filing of documents, time limitations, and related matters to meet special problems arising out of that location.

§ 35.2 Definitions.

(a) *ALJ* means an Administrative Law Judge in the authority appointed pursuant to 5 U.S.C. 3105 or detailed to the authority pursuant to 5 U.S.C. 3344.

(b) *Authority* means the United States Department of State.

(c) *Authority head* means the Under Secretary for Management.

(d) *Benefit* means, in the context of “statement,” anything of value, including but not limited to, any advantage, preference, privilege, license, permit, favorable decision, ruling, status, or loan guarantantee.

(e) *Claim* means any request, demand, or submission—

(1) Made to the authority for property, services, or money (including money representing grants, loans, insurance, or benefits);

(2) Made to a recipient of property, services, or money from the authority or to a party to a contract with the authority—

(i) For property or services if the United States—

(A) Provided such property or services;